

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 KINSHASA 3846

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SUBJ: PARM ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

REF: CERP 0001

1. WHEN SOME OF THE IMPLICATIONS OF THE SHABA INVASION FIRST BECAME APPARENT, MY INTIAL REACTION WAS TO ASK FOR POSTPONEMENT OF THE PARM EXERCISE FOR ZAIRE. IT IS NOW EVIDENT THAT LONGER TERM POLITICAL AND ECONOMIC IMPLICATIONS OF THE INVASION/INSURGENCY ARE SUCH THAT WE MUST INDEED REVIEW OUR POLICY AND PROGRAMS. THIS MESSAGE, PART I OF THE PARM, AND SUBSEQUENT MESSAGES INCLUDING PARTS II AND III SET FORTH OUR VISION OF WHERE WE WILL MOSTE LIKELY BE IN FY 79. I EXPLAIN BELOW WHY I HAVE COME TO THESE CONCLUSION AND PROPOSE POLICY AND PROGRAM CHANGES DESIGNED TO REFLECT CURRENT CIRCUMSTANCES AND TO PREPARE US FOR OUR FY79 POSTURE.

PART I - POLICY ASSESSMENT

A. US INTERESTS

2. OUR ESTIMATE OF MOBUTU'S CAPACITY FOR REFORM, INDEED OF HIS VIABILITY AS A LEADER, OF THE CONTINUING ECONOMIC CRISIS WHICH WE PROJECT AT LEAST THROUGH FY79, AND OF THE EROSION OF SOME OF OUR INTERESTS AS WE DEFINED THEM IN THE LAST PARA HAVE LED US TO A MORE REALISTIC ASSESSMENT OF US INTEREST. WE BELIEVE THE FOLLOWING

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LIST TRACKS BETTER WITH THE DEPT'S OVERALL TRENDS FORECAST AND WITH THE POLICIES OF THE ADMINISTRATION. THUS, WE SEE PRINCIPAL US LONG-TERM INTERESTES IN ZAIRE TO BE:

--PROTECTION OF LIVES AND PROPOERTY OF AMERICAN CITIZENS.

--IDENTIFICATION OF US POLICIES AND PROGRAMS WITH THE MOST FUNDAMENTAL ASPIRATIONS OF THE ZAIRIAN PEOPLE FOR ECONOMIC PROGRESS, HUMAN RIGHTS AND GOOD GOVERNMENT.

--RETENTION BY ZAIRE OF ITS CAPACITY TO PLAY AN INFLUENTIAL AND MODERATE ROLE IN INTERNATIONAL FORA, AND THE RECOVERY OF ITS ABILITY TO ASSIST IN THE ACHIEVEMENT OF NON-RADICAL SOLUTIONS IN SOUTHERN AFRICA.
--CONTINUED ACCESS OO ZAIRE'S EXTENSIVE NATURAL RESOURCES BY THE US AND OTHER WESTERN NATIONS.
--PROTECTION AND ADVANCEMENT OF US BUSINESS AND FINANCIAL INTERESTS IN ZAIRE.

B. OVERVIEW

3. OVER THE PAST TWO YEARS OUR POLICY TOWARD ZAIRE WAS BASED ON THE ASSUMPTION THAT (A) MOBUTU WAS CAPABLE OF PURSUING FUNDAMENTAL ECONOMIC AND POLITICAL REFORMS, AND (B) THAT MOBUTU WOULD PLAY A KEY, MODERATING ROLE IN SOUTHERN AFRICA AND OTHER THIRD WORLD ISSUES. WE BELIEVED THAT UNDER THE UMBRELLA OF AN IMF STABILIZATION PROGRAM MOBUTU COULD OBTAIN SIGNIFICANT FINANCIAL RELIEF WHILE IMPLEMENTING INTERNAL REFORMS THAT WOULD LAY THE GROUNDWORK FOR A SUSTAINED RECOVERY. WE WERE AWARE THAT THIS WOULD REQUIRE CONTINUED POLITICAL STABILITY AND THE COOPERATION OF EXTERNAL DONORS, CREDITORS AND LENDERS. WE REALIZED THAT EFFORTS HAD TO BE UNDERTAKEN WITH SOME URGENCY SINCE ZAIRE'S FRAGILE POLITICAL FABRIC COULD NOT BEAR THE STRAIN OF CONTINUED STAGNATION, AND WE HOPED THAT ZAIRE AND ANGOLA COULD NORMALIZE RELATIONS IN SUCH A WAY AS TO PERMIT MOBUTU'S ACCESS TO THE FRONT-LINE GROUPING. THE LONG-RUN POLITICAL AND ECONOMIC IMPLICATIONS OF THE SHABA INVASION SERIOUSLY DIMINISH THE CHANCES THAT MOBUTU, OR ANY OF HIS CONCEIVABLE SUCCESSORS, WILL BE ABLE TO PURSUE THE NECESSARY ECONOMIC AND POLITICAL REFORMS. FURTHERMORE, THE CONFLICT CALLS INTO QUESTION THE AVAILABILITY OF A LARGE SHARE OF THE EXTERNAL RESOURCES REQUIRED
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TO BRIDGE ZAIRE'S SHORT-TERM FINANCIAL GAP. WE FORESEE A CONTINUATION--AND MOST LIKELY AN INTENSIFICATION--OF ZAIRE'S ECONOMIC MALAISE OVER THE NEXT TWO YEARS, WITH THE GREATLY INCREASED CHANCES OF SEVERE INTERNAL SECURITY MEASURES AND POLITICAL INSTABILITY. IN ADDITION, THE INVASION HAS DEEPEMED THE HOSTILITY BETWEEN NETO AND MOBUTU. LASTLY, THE JOINT EFFECTS OF THE KATANGAN INVASION AND THE CONTINUING ECONOMIC CRISIS RENDER UNLIKELY A CONTINUATION OF THE POLITICAL STATUS QUO IN ZAIRE INTO FISCAL 1979. OF THE MULTITUDE OF CONCEIVABLE SCENARIOS, AT LEAST THREE MERIT CONSIDERATION:

(1) MOBUTU AND REFORM: THE FORCES UNLEASHED BY THE INVASION ARE EXPLOITED BY REFORMERS WITHIN THE MOBUTU REGIME TO REMOVE MOBUTU FROM DAILY DECISION-MAKING BY IMPOSING A STRONG PRIME MINISTER, TO GRANT SUFFICIENT REGIONAL AUTONOMY TO MEET THE KATANGAN'S AND OTHER REGIONAL FORCES' MINIMAL DEMANDS, AND TO PROCEED AHEAD WITH THE STABILIZATION PLAN. UNDER THE BEST OF THESE CIRCUMSTANCES ZAIRE, AFTER TWO VERY DIFFICULT YEARS, MIGHT FIND ITSELF IN 1979 ON THE BRINK OF SUSTAINED ECONOMIC RECOVERY. ZAIRE'S ECONOMY WOULD NEVERTHELESS REMAIN PRECARIOUS, AND THE REFORM LEADERSHIP

MIGHT WELL FIND THE TOUGH STABILIZATION POLICIES OF THE IMF TO BE POLITICALLY UNACCEPTABLE. THEN WOULD BEGIN AN ACCELERATING INTER-ACTION BETWEEN THE PRESSURES FOR ECONOMIC AUSTERITY AND THE DEMANDS OF WAGE EARNERS, WITH CONSEQUENT POLITICAL INSTABILITY.

(2) MOBUTU WITHOUT REFORM: MOBUTU CRUSHES THE REFORM EFFORT, RELIES ON FOREIGN FORCES TO CONTAIN THE INVASION AND ON INCREASINGLY REPRESSIVE SECURITY FORCES TO KEEP HIMSELF IN POWER. THE INVASION BECOMES COSTLY, PROTRACTED INSURGENCY WHICH RENDERS COMPLIANCE WITH IMF GUIDELINES IMPOSSIBLE AND INTERNATIONAL CREDITORS CONSEQUENTLY UNWILLING TO MAKE THE EFFORT REQUIRED TO KEEP ZAIRE AFLOAT. IN THESE CIRCUMSTANCES, THE CHANCES FOR POLITICAL INSTABILITY INCREASE MARKEDLY.

(3) ZAIRE WITHOUT MOBUTU: MOBUTU IS OVERTHROWN, USHERING IN A PHASE OF INSTABILITY CHARACTERIZED BY POWER STRUGGLES AMONG RIVAL FACTIONS--EVEN IF IT IS AN ARMY-LED COUP--AND INABILITY OR DIS-

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INCLINATION ON THE PART OF WHATEVER RULING ELITE TO PROVIDE A FRAMEWORK FOR THE IMPLEMENTATION OF THE ECONOMIC STABILIZATION PLAN. IN THIS, AS IN THE OTHER TWO SCENARIOS, THE AVERAGE ZAIRIAN BEARS THE BRUNT OF CONTINUED ECONOMIC CRISIS, POLITICAL INSTABILITY AND SEVERE INTERNAL SECURITY MEASURES.

C. OBJECTIVES, COURSES OF ACTION, ISSUES

4. I MAY BE WRONG AND THE PROSPECTS FOR THE FUTURE MAY BE BETTER THAN THE CURRENTLY BLEAK TRENDS WOULD INDICATE. NEVERTHELESS, THE DETERIORATING OUTLOOK FOR ECONOMIC REFORM AND THE EROSION OF OUR INTERES SUGGEST TO ME THAT WE SHOULD BEGIN TO RECAST OUR POLICIES TOWARD ZAIRE. THIS DOESNOT MEAN THAT WE SHOULD TERMINATE OUR VARIOUS PROGRAMS OR OTHERWISE WALK AWAY FROM ZAIRE. IT IS EVEN POSSIBLE THAT IN THE SHORT RUN WE MIGHT FIND IT POLITICALLY DESIRE-ABLE TO INCREASE OUR SUPPORT TO ZAIRE, IF, FOR EXAMPLE, WE BEGAN

TO PERCEIVE CUBAN-SOVIET PARTICIPATION IN THE SHABA INVASION. IN ANY CASE, THE IMF HAS EXPRESSED A WILLINGNESS TO GO AHEAD WITH ITS ASSISTANCE, NOTWITHSTANDING THE SHABA CONFLICT, AND WE SHOULD DO NO LESS IN ORDER TO AVOID GIVING THE APPEARANCE OF ABANDONING ZAIRE. SHOULD ZAIRE'S LEADERS FAIL TO SOLVE ITS POLITICAL AND ECONOMIC PROBLEMS, THAT FAILURE SHOULD BE--AND BE UNDERSTOOD BY OTHERS TO BE--THE RESULT OF THEIR OWN SHORTCOMINGS.

5. WHILE WE SHOULD FOLLOW THROUGH WITH THOSE ASSISTANCE PROGRAMS
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PLANNED FOR FY 77, WE SHOULD MAKE CLEAR THAT THE EXTENT OF CONTINUED ECONOMIC ASSISTANCE IN FY 78 WILL DEPEND ON THE GOZ'S IMPLEMENTATION OF THE IMF PROGRAM. WE SHOULD EMPHASIZE THAT WE INTEND TO REVIEW OUR POLICY WITHIN SIX MONTHS AS CONTEMPLATED IN THE PROPOSED IMF SATAND-BY AND IN TIME FOR CONGRESSIONAL CONSIDERATION OF FY 78 PROPOSALS. AT THE SAMETIME, WE SHOULD PREPARE FOR THE POSSIBILITY THAT SUCH A REVIEW WILL SUGGEST THAT WE REDUCE OUR PROFILE IN ZAIRE. REGARDLESS OF THE OUTCOME, WE SHOULD STRUCTURE OUR POLICIES AND PROGRAMS IN SUCH A WAY THAT THEY ARE PERCEIVED NOT SO MUCH AS BENEFITTING A PARTICULAR REGIME, BUT RATHER AS TIED TO ECONOMIC REFORM AND RECOVERY FOR THE BENEFIT OF THE PEOPLE IN ZAIRE.

6. OVER THE NEXT FEW MONTHS WE WILL FACE A NUMBER OF IMMEDIATE DECISIONS. DURING THIS TRANSITIONAL PHASE, WE RECOMMEND THE FOLLOWING COURSES OF ACTION WHICH WILL LAY THE GROUNDWORK FOR THE POLICIES AND POSTURE WE EVISION IN FY 79:

--PROCEED WITH FY77 CIP AND PL-480 TITLE I PROGRAMS, BUT ADVISE THE GOZ THAT FUTURE ASSISTANCE LEVELS FOR THESE PROGRAMS WILL DEPEND ON THEIR PERFORMANCE UNDER THE IMF PROGRAM AND WILL BE SUBJECT TO FULL PROGRAM AUDITS.

--CONSIDER A FY78 TITLE II PROGRAM THAT COULD BE USED FOR REFUGEE RELIEF OR DEVELOPMENT-ORIENTED PROGRAMS.

--RECOGNIZE THAT THE GOZ'S CURRENT FINANCIAL STTTUS RENDERS IT INCAPABLE OF FULLY DISCHARING ITS DEBT SERVICE OBLIGATIONS, WHILE POLITICAL CONDITIONS MAKE IT IMPOSSIBLE TO JUDGE HOW MUCH FURTHER RELIEF IS NECESSARY OR POSSIBLE. WE SHOULD CONSULT WITH MEMBERS OF THE PARIS CLUB AND CONSULTATIVE GROUP WITH THE GOAL OF ACHIEVING A COORDINATED VIEW WHICH RECOGNIZES THAT ADDITIONAL SHORT-TERM DEBT RELIEF IS REQUIRED BUT THAT CONTINUING ECONOMIC ASSISTANCE WILL DEPEND UPON THE GOZ'S EFFORTS IN THE IMPLEMENTATION OF ECONOMIC REFORM.

--ADVISE THE IMF THAT WE WILL SUPPORT VIGOROUS OVERSIGHT OF THE GOZ'S IMPLEMENTATION OF THE STABILIZATION PROGRAM AND THAT OUR FUTURE ASSISTANCE LEVELS WILL DEPEND ON THE GOZ'S PERFORMANCE.

--INSIST ON PROMPT PERFORMANCE UNDER CURRENT PL-480 COUNTERPART
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PROCEDURES.

- ADVISE THE GOZ THAT WE ARE EVALUATING ALL OUR PROJECTS, BOTH ON-GOING AND IN THE DESIGN STAGE, TO ASSURE THAT THE PROJECTS BENEFIT THE POORT MAJORITY AND THAT THEY ARE EFFICIENTLY MANAGED AND SUPPORTED BY THE GOZ.
- CONSIDER PRIVATE VOLUNTARY ORGANIZATIONS AS A VEHICLE FOR CHANNEL-ING AID TO THE POOR.
- KEEP GOZ FULLY INFORMED OF STATUS OF INGA-SHABA TRANSMISSION LINE PROJECTS. ENSURE THAT ANY DECISION TO PUT THE PROJECT IN MOTH-BALLS COMES FROM THE GOZ AND MORRISON-KNUDESEN AND NOT FROM THE USG.
- USE PUBLIC DIPLOMACY WHEN POSSIBLE TO EXPLAIN USG POLICY.

7. LOKKING AHEAD TO FY79, I, CITE THE FOLLOWING ISSUES AND OBJECTIVES AND PROPOSE THE FOLLOWING COURSES OF ACTION.

(1) OBJECTIVES: (SOME OF THESE ARE TOO AMBITIOUS AND PERHAPS BEYOND OUR CAPACITIES, BUT THEY ARE NONETHELESS OBJECTIVES WHICH WE SHOULD TRY, IN MEASURED WAYS, TO ACHIEVE.)

- THE PROTECTION OF US INTERESTS.
- GREATER IDENTIFICATION OF OUR POLICIES AND PROGRAMS WITH THE ASPIRATIONS AND NEEDS OF THE ZAIRIAN PEOPLE AS OPPOSED TO ANY GIVEN REGIME.
- SOUND GOZ ECONOMIC AND FINANCIAL MANAGEMENT AND REASONABLE ECONOMIC DEVELOPMENT.
- DEVELOPMENT OF ECONOMIC AND POLITICAL CONDITIONS IN WHICH US AND WESTERN INVESTMENT AND ACCESS TO RESOURCES CAN BE ASSURED.
- NORMALIZATION OF ZAIRIAN-ANGOLAN RELATIONS.
- POLITICAL STABILITY UNDER CONDITIONS WHICH RESPECT LEGITIMATE INTEREST GROUPS, EQUITABLE SOCIAL DEVELOPMENT AND HUMAN RIGHTS.
- A ZAIRIAN FOREIGN POLICY WHICH ACCORDS WITH OUR OWN IN THE CRITICAL AREAS OF SOUTHERN AFRICA NORTH-SOUTH ISSUES AND THIRD WORLD PROBLEMS IN GENERAL.

(2) COURSE OF ACTION:

- START SHIFTING EMPHASIS WITHIN THE CURRENT MILITARY AND ECONOMIC ASSISTANCE MIX TOWARD GIVING GREATER WEIGHT TO THE ECONOMIC; TIE BALANCE OF PAYMENTS ASSISTANCE TO DEVELOPMENT AND TO PRIOR PERFORMANC
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- UNDER THE IMF STABILIZATION PROGRAM, PROVIDE FOOD AID IN PART THROUGH PL-480 TITLE II FOR DEVELOPMENT-ORIENTED PROJECTS, RELYING ON VOLUNTARY ORGANIZATIONS AND, PERHAPS, PEACE CORPS-DIRECTED FOOD-FOR-WORK PROGRAMS; INCREASE HUMANITARIAN ASSISTANCE FOR REFUGEES.
- STRUCTURE A MILITARY ASSISTANCE PROGRAM WHICH CONCENTRATES ON TRANSPORTATION, COMMUNICATIONS, AND INFRASTRUCTURE WHICH TAKES INTO ACCOUNT ZAIRIAN ABSORPTIVE CAPACITY AND DEBT SERVICE CONSTRAINTS.
 - INCREASE MISSION CONTACTS ALONG ENTIRE SPECTRUM OF ZAIRIAN

POLITICAL OPINION, LETTING IT BE QUIETLY BUT EFFECTIVELY KNOWN
WHAT OUR OBJECTIVES ARE (SEE ABOVE).

--MAKE EFFECTIVE BUT CAREFUL USE OF PUBLIC DIPLOMACY, WITH USIS
USING VARIOUS MEDIA AVAILABLE, INCLUDING VOA, TO EXPLAIN THE PURPOSE
AND STYLE OF OUR POLICIES AND PROGRAMS; IN A WORD, GREATER IDENTI-
FICATION WITH THE GOALS AND NEEDS OF THE ZAIRIAN PEOPLE.

--WITH FOREGOING PROGRAM CHANGES AND CONSEQUENT LOWER SUPPORT
REQUIREMENTS, REDUCE THE OFFICIAL AMERICAN PRESENCE IN ZAIRE.

(3) ISSUES: THE CENTRAL ISSUES ARE WHETHER MOBUTU OR HIS SUCC-
ESSORS WILL BE CAPABLE OF REFORM AND WHETHER THEY WILL PERMIT
PURSUIT OF US POLICIES AND PROGRAMS WHICH INSIST ON REFORM AND
A MORE DIRECT CHANNEL TO THE ZAIRIAN PEOPLE. IF THE ANSWERS ARE
POSITIVE, AN OUTCOME IN VIEW AS DIFFICULT AT BEST TO ACHIEVE, WE
MAY BE ABLE TO CONTINUE AND INTENSIFY OUR ASSISTANCE, PARTICULARLY
ON THE ECONOMIC SIDE. IF THE ANSWERS ARE NEGATIVE, OUR INTERESTS
AND ROLE WOULD DIMINISH AND OUR OFFICIAL PRESENCE SHOULD BE FURTHER
REDUCED.

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